

# Member Update

Number 77, Fall 2006

*A newsletter for members of the OMERS pension plan*

## OMERS earns reputation as the service leader in the pension field

### Focusing on the customers' needs key to success

New OMERS Act becomes law  
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OMERS is recognized in the pension industry for its high standards of member services. "This isn't a surprise," says Jennifer Brown, Senior Vice President, OMERS Pension Division. "Delivering exceptional service drives everything we do – every payment, every service opportunity, every decision."

Ms. Brown leads OMERS Pension Division, which provides essential front-line services to OMERS members and employers. Ms. Brown has 20 years of pension administration and policy experience across the public, private and broader public sectors. In her private life, she is a seasoned runner with several marathons under her belt – including the New York and Washington marathons.

Below Ms. Brown talks about the road to OMERS success. She also discusses the similarities between running a marathon and delivering exceptional service to members.

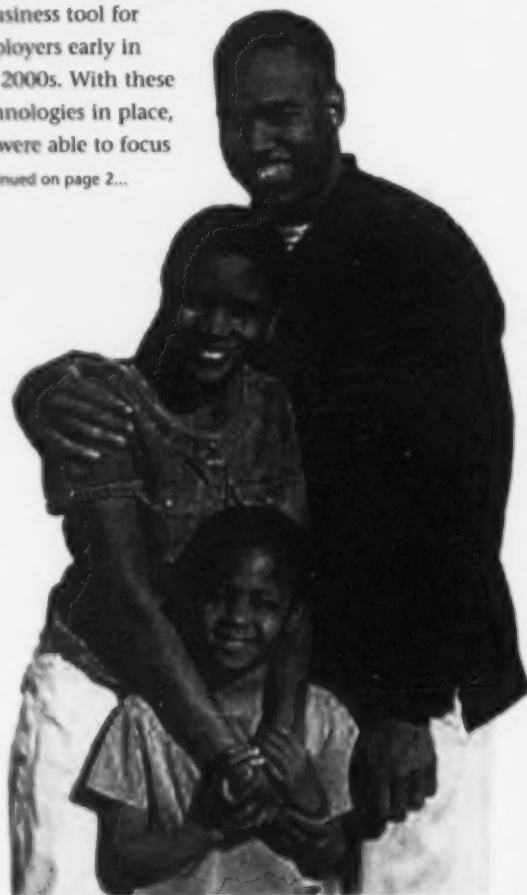
#### How we got to the top:

"OMERS gained its reputation as service leader by focusing on our members' needs. This, coupled with lots of hard work, means we deliver what our members want, where and when they need it."

#### Milestones:

"Two milestones immediately come to mind – the development of our membership computer system in the late 1990s, followed by our e-business tool for employers early in the 2000s. With these technologies in place, we were able to focus

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## **OMERS earns reputation as the service leader in pension field**

on our service standards. We now process initial member claims – for example, retirements – within two business days, on average.”

### **Lessons learned:**

“One of OMERS operating principles is to have the right people in the right jobs. I’ve learned that there is no limit to what an organization can achieve when people love what they do, are motivated, and have the knowledge they need to go above and beyond.”

### **Challenges:**

“Our membership continues to grow. We now serve about 364,000 active and retired members. Our members are also getting savvier. They are actively aware of pension issues and have come to expect exceptional service from OMERS. We must continue to ensure OMERS meets and exceeds our members’ expectations.”

### **Measuring success:**

“We must get top marks for service from our members; we won’t settle for less. To ensure we’re on track, we measure success through surveys and regular contact with active and retired members and employers. We also keep a close eye on our service standards. We track turnaround times for all services, compare these to industry standards, and continue to establish demanding benchmarks.

“Service statistics from 2005 confirm that OMERS continues to have one of the best service records among public-sector plans. The results show a satisfaction rate of between 83% and 92% and indicate a continuing recognition of OMERS high standards.”

### **My job is part of the pension promise:**

“Members of OMERS are men and women working for municipalities, police and fire departments, school boards, and many other local organizations including children’s aid societies, retirement homes, and libraries across this province. Their work is vital to the communities in which they live and work. OMERS is here to deliver the pension promise to these men and women. My job is to ensure exceptional service is part of that package.”

### **Running the service marathon:**

“Every runner knows that with hard work, you can always improve your race. This also applies to OMERS – we will always strive to enhance our services, to do better, and to ensure OMERS is the industry leader, both now and in the future.”



Jennifer Brown, Senior Vice President,  
OMERS Pension Division

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## **OMERS service and membership statistics**

In 2005:

- Total OMERS membership grew by **2.6%** to **363,869**.
  - Pension payroll and other benefit payments totaled **\$1.6 billion**, an increase from **\$1.5 billion** in 2004.
  - OMERS received **3,900** retirement claims, more than **8,900** pension estimates for members planning to retire, and more than **8,500** claims for members leaving their OMERS employers; the majority of benefit applications and pension estimates are turned around within a three-day target.
  - OMERS Presentations and Training Team kept up a solid pace in 2005, with **1,085** information sessions and employer support visits across the province.
  - OMERS Client Services responded to more than **94,000** phone calls; more than 90% of inquiries were resolved in the first phone call.
  - Client Services handled more than **10,000** e-mails, letters and faxes.
  - OMERS website had more than **483,000** visits.
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**“I am at a loss to find words enough to thank you and your wonderful staff for the super job that you all are doing. I wrote you a letter and B-A-N-G within 48 hours of mailing it, I received my reply. Just wonderful.”**

OMERS member

# The new OMERS Act becomes law

A new era for OMERS begins. On June 30, 2006, the new OMERS Act became law with the proclamation of Bill 206 (*An Act to revise the Ontario Municipal Employees Retirement System Act, 2006*). The legislation establishes a new and independent governance model for OMERS. It gives employers and plan members more control over the OMERS pension plan and provides for the negotiation of additional benefits through supplemental plans.

## Pensions are strong and secure

Your OMERS pension is solid. All of the great features of the OMERS plan remain unchanged:

- OMERS continues as a defined-benefit plan, equally funded by employers and contributing members;
- OMERS continues to provide guaranteed income for life, including inflation protection and excellent disability and survivor benefits;

- OMERS continues to focus on managing investments and administering the plan; and
- OMERS must continue to abide by laws that protect the rights of members and minimize risk to the pension fund.

## Information about the OMERS Act

The government of Ontario tabled legislation for the new OMERS Act in 2005. It took about a year for the bill to move through the legislative process and become law. During that time, we provided extensive coverage on our website and through our newsletters. For this information (and more), visit [www.omers.com](http://www.omers.com):

- The "Plan Governance" section includes a link to the official version of the *OMERS Act, 2006* and information about:
  - the new Administration Corporation and Sponsors Corporation

- supplemental plans
- unions and organizations representing OMERS members.
- The special edition of *Member Update* (Number 75, Winter 2006) covering Bill 206 is in the "Members" section.
- Previous announcements about the new OMERS Act are in "OMERS Updates" on the home page.

## Supplemental plans

Supplemental pension plans are separately funded, registered pension plans that will offer benefits not available in the current plan.

Eligible employers and members would locally bargain their participation and the benefits offered.

Effective July 1, 2008, OMERS will be in a position to administer supplemental plans for OMERS members in "public safety" occupations – police, firefighters and paramedics.

## GOVERNANCE STRUCTURE: NEW OMERS ACT

### Administration Corporation

Responsibilities: plan administration, investment of funds

#### BOARD OF DIRECTORS\*

Employer Representatives	Plan Member Representatives
Frederick Biro – Ontario Association of Police Services Boards	David Kingston – Police Association of Ontario
Cam Weldon – City of Toronto	David Carrington – CUPE Ontario
John Sabo – Ontario Catholic School Trustees' Association	John Weatherup – CUPE Ontario
Ann Mulvale – Association of Municipalities of Ontario	Rick Miller – Ontario Professional Fire Fighters Association
Michael Power – Association of Municipalities of Ontario	Ed DeSousa – Association of Municipal Managers, Clerks and Treasurers of Ont.
Gerard Sequeira – Municipal Property Assessment Corporation	Richard Faber – Retired Member
David O'Brien – Toronto Hydro Corporation	Peter Routliff – International Brotherhood of Electrical Workers

\*Transitional composition, subject to Sponsors Corporation by-laws (directors initially appointed by the province of Ontario for up to three years to the Administration Corporation, or one year to the Sponsors Corporation).

The Sponsors Corporation is also supported by two advisory committees to be appointed by the Sponsors Corporation: an eight-member committee for police/fire/paramedics and a 12-member committee for other members and employers.

### Sponsors Corporation

Responsibilities: plan design, benefits and contribution rates (two-thirds majority vote required for approval)

#### BOARD OF DIRECTORS\*

Employer Representatives	Plan Member Representatives
Garth Pierce – Ontario Association of Police Services Boards	Bruce Miller – Police Association of Ontario
Louise Eason – City of Toronto	Brian O'Keefe – CUPE (Ontario)
Brian Cain – Toronto Public School Board	Ann Dembinski – CUPE (Local 79)
Marianne Love – Association of Municipalities of Ontario	Fred Leblanc – Ontario Professional Fire Fighters Association
Bruce Stewart – Association of Municipalities of Ontario	Marnie Niemi – Ontario Public Service Employees Union
Charlie Macaluso – Electricity Distributors Association	Glen Mills – Municipal Retirees' Organization Ontario
Joe Alchison – Ontario Association of Children's Aid Societies	Jack Jones – Ontario Secondary School Teachers' Federation

## Milestones

1963

OMERS enrolls its first members.

1968

The Ministry of Municipal Affairs transfers its responsibility for the plan to the first OMERS Board (11 members).

2005

The Government of Ontario tables legislation to establish a new independent governance model for OMERS.

2006

The new OMERS Act becomes law.

# Notes and reminders

## OMERS disability benefits

**Q:** What happens if you can no longer work because of a disability?

**A:** OMERS can help your pension continue to grow free of charge, or we can provide you with disability income. These two benefits are explained below:

### 1. Earn pension while on disability

This benefit protects your pension during a period of disability. The benefit is called OMERS "disability waiver" because your contributions are waived (you do not pay into the plan). You continue to earn a pension even though you aren't working and contributing to the plan. There is no cost to you or your employer.

### 2. OMERS disability pension

While the benefit described above is generally designed to protect your pension if you're temporarily disabled, OMERS disability pension is there if your disability is expected to last for the rest of your life. OMERS disability pension continues until:

- you reach your normal retirement age, when your disability pension becomes an OMERS normal retirement pension; or

- you no longer meet the definition of totally and permanently disabled (you may be eligible for an early retirement pension); or
- you return to work, other than on an OMERS-approved rehabilitation program.

The pension is based on your salary and years of service in the plan (a disability pension is calculated using the same formula as an unreduced retirement pension and includes OMERS bridge benefit until age 65). And, like all OMERS pensions, disability pensions are increased annually to keep pace with inflation.

If you're thinking about applying for a disability pension, we recommend that you discuss this with your employer – a pension could affect other disability benefits.

#### **Qualifying for a disability benefit**

To qualify for the disability-waiver benefit, your disability must meet OMERS definition of "totally disabled." To qualify for a disability pension, your disability must meet OMERS definition of "totally and permanently disabled." In either case, we will ask that you provide medical documentation to certify that your condition meets the requirements.

## A bona fide retirement

In general terms, you're eligible to receive a pension benefit when you stop working for your OMERS employer. More specifically, a bona fide retirement must occur.

It's up to your employer to establish that a bona fide retirement has occurred. This is particularly important when a recently retired member is returning to work for their previous OMERS employer.

To establish that a bona fide retirement has occurred, an employer will look at the employment relationship. For example, they will confirm the employee was issued a *Record of Employment*. They will also consider the purpose of the termination of employment. If the sole purpose is to obtain pension benefits and continue working at the same job, a bona fide retirement may not have taken place.

**...You're eligible to receive a pension benefit when you stop working for your OMERS employer. More specifically, a bona fide retirement must occur unless you've reached age 69.\***

\* If you're still working when you turn 69, OMERS will provide you with a pension whether or not you continue to work, and you will no longer make contributions to the plan.

[www.omers.com](http://www.omers.com) Visit [www.omers.com](http://www.omers.com) for detailed information on your pension benefits.



# OMERS invests in next generation satellite

One of OMERS newest infrastructure assets is the Ciel-2 satellite.

Borealis Infrastructure, an investment arm of OMERS, has invested in Ciel Satellite Group, the entity that will operate the Ciel-2 satellite. The satellite industry was chosen because of its stable long-term revenues and its potential for growth.

"The satellite industry is akin to the real-estate industry, but in space," says Ed Sawaya, Vice President, Borealis Infrastructure. "I like to think of the satellite as a building we can rent to 'tenants,' namely television broadcasting companies."

When it is launched in late 2008, the Ciel-2 satellite will operate from the orbital position 129 degrees west and deliver television satellite services throughout North America for an estimated period of 15 years. Direct-to-home satellite television providers in Canada and the United States are target customers.

The licence for the 129 degrees west orbital position was secured from Industry Canada in August 2005; and construction of the satellite began in

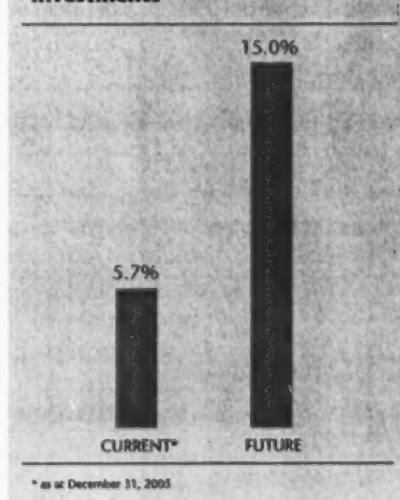
April 2006. Ciel-2 will be one of the largest satellites ever built, weighing in at approximately six metric tons or 13,228 pounds.

OMERS expects Ciel-2 to be a good addition to its existing infrastructure portfolio. "The satellite is a good fit with the OMERS portfolio because it will produce very stable and long-term cash flows that are well suited to meet

OMERS pension promise," says Sawaya.

As at December 31, 2005, infrastructure investments totaled 5.7% of the entire OMERS investment portfolio, which also includes public markets, private equity and real estate. Over time, OMERS plans to increase investments in the infrastructure sector to about 15% of its portfolio.

**Percentage of OMERS portfolio invested in infrastructure investments**



## OMERS infrastructure investments also include:

- Confederation Bridge, which links Prince Edward Island and New Brunswick
- Enwave District Energy Corporation, which is responsible for the environmentally friendly, deep-lake water cooling project
- Bruce Power nuclear facilities
- Scotland and South of England gas distribution network which comprises approximately 73,000 kilometres of gas lines serving almost 5.6 million customers

## OMERS financial planning series

# Create a plan to support your dreams

### Focus on cash management

"My son Tom just graduated from the software engineering co-op program at the University of Waterloo without any debt," says OMERS member Don Marsden, 51, a firefighter with the City of Toronto. "My daughter Katie is in her third year at Wilfrid Laurier University; she will also graduate without debt."

"I feel I can put a checkmark beside both my kids," says Don. "We invested in Registered Education Savings Plans and provided them with some assistance and they worked summers to pay for the balance."

Saving for their kids' education was an important goal in the financial plan for Don and his wife Mary. Setting specific financial goals helped the family stay on a sound footing and has set their kids on the same path.

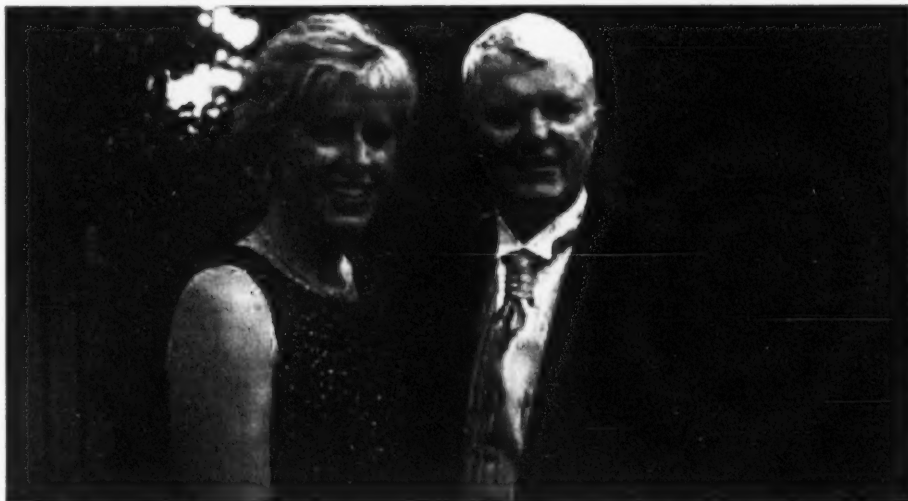
Financial planning is the dollars and cents behind life goals and dreams. Writing down goals that are SMART – specific, measurable, achievable, realistic and time-linked – increases your chances of meeting them.

Specific financial objectives support those life goals.

It's never too early or too late to start a financial plan. A great first step is to evaluate your current financial status to help you to plan for the future, whether for the next three months or the next ten years.

### Budgeting

An important step in managing personal finances is to assess your net worth and draw up a budget.



Don Marsden and his wife Mary

Your net worth is a simple equation – your assets (savings, value of home, investments, etc.) minus your liabilities (mortgage, taxes, loans, credit cards). This personal balance sheet provides a snapshot of where your finances are today.

Your net worth is a global picture of your finances, and you may want to assess this on an annual basis.

A budget is a more focused picture of income and expenses. It shows where money is coming from and where it is going. Budgeting helps to meet short-term goals such as paying bills. It also helps with long-term goals such as buying a home or car, paying for education or saving for a vacation.

Start your budget by making a list of your expenses, both fixed and variable:

- Fixed expenses are the same from month-to-month or year-to-year. These include mortgage payments,

insurance and OMERS contributions.

- Variable expenses change each month and include food, clothing, transportation, and entertainment.

Your total expenses should be less than your total income. If your expenses are too high, look at ways to reduce your variable expenses.

To meet your long-term goals, set aside money each budget period as if you are paying a bill to yourself. You may find it easier to set up your budget schedule to match your pay schedule. The budget should be flexible and change periodically to adjust to changing needs and wants. Consider using a simple budget spreadsheet on your computer.

For the first few years, Don and his family lived on a tight budget. They made some tough decisions on variable expenses, and Don worked extra hours to increase their income.

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## Create a plan to support your dreams

One important long-term goal was to pay off their mortgage, which they did in seven years. Meanwhile, they set aside RESP funds for another important goal – their kids' education.

Budgeting isn't as big a factor now for the Marsden family, but they still keep a close eye on their expenses. Their next goal is to purchase a motor home for travel after retirement.

### Debt and credit

Using credit gives you access to someone else's money; the interest is the cost of using this money. Pay off debts as quickly as possible to minimize interest paid. When using credit for purchases, include the interest in the overall purchase price and decide if the item is worth the extra cost.

Don Marsden suggests using credit to your advantage. After he and his

wife paid off their mortgage, they borrowed against the house, used it for investments and the interest on that loan was tax deductible. Because the loan was secured, it was also at a cheaper interest rate.

### Savings

Your OMERS pension supports the principle of "paying yourself first"; you are contributing a percentage of your income towards your future, and your employer matches the amount you pay. Use our online "Retirement Income Estimator" at [www.omers.com](http://www.omers.com) to calculate your income at retirement. You can also add in other investments and government benefits for a good picture of your total post-retirement income.

Some financial advisors suggest saving at least 10% to 20% of your take-home pay every month.

Saving money can be a challenge, given day-to-day expenses, paying down debt and enjoying the present. The easiest and most painless way is to pay yourself first. Don't wait for the end of the month to see what's left over to save; put your savings into your budget and transfer it out of your chequing account immediately.

Your decision to save today can meet a specific goal in the future – as did the Marsden's decision to set aside RESP funds early on.

### In the next issue

See the next edition of *Member Update* for Part 2 of the OMERS financial planning series. Part 2 will focus on estate planning including wills, powers of attorney and survivor benefits.

"Being an OMERS member gives me **great value**: inflation protection, guaranteed pension benefits and retirement security."



## The OMERS difference

Inflation protection is one of OMERS most powerful benefits. Inflation protection means your pension will keep pace with rising costs. Your pension grows with your earnings before you retire and it is fully protected against inflation after you retire.

The illustration to the right is an example of how a \$15,000 annual pension would grow with a 2.5% annual inflation increase.



To find out more about OMERS powerful inflation protection, visit [www.omers.com](http://www.omers.com) or call Client Services at 416-369-2444 or 1-800-387-0813.

# OMERS

Plan for the Future

# Plan for the future – with OMERS

**L**earn about your pension at an OMERS Member Information Session. The sessions are fun and informative, and offered free of charge. Topics covered include early retirement options,

inflation protection and survivor benefits. To register, contact OMERS Client Services or register online at [www.omers.com](http://www.omers.com).

## Sessions scheduled for 2006 (September to December)

Date and time	Location	Date and time	Location
October 4 5:30 p.m. to 7:30 p.m.	Barrie Holiday Inn Barrie-Hotel & Conference Centre, 20 Fairview Road	November 15 5:30 p.m. to 7:30 p.m.	Markham Holiday Inn Hotel & Suites-Markham, 7095 Woodbine Avenue
October 10 5:30 p.m. to 7:30 p.m.	Ottawa Holiday Inn Select Ottawa-Kanata, 101 Kanata Avenue	November 22 5:30 p.m. to 7:30 p.m.	Burlington Holiday Inn Burlington Hotel & Conference Centre, 3063 South Service Road
October 18 5:30 p.m. to 7:30 p.m.	Sault Ste. Marie Holiday Inn, 208 St. Mary's River Drive	November 29 5:30 p.m. to 7:30 p.m.	Whitby Le Gala, 65 Sunray Street
October 25 5:30 p.m. to 7:30 p.m.	Chatham/ Wallaceburg Oaks Inn – Wallaceburg, 80 McNaughton Avenue, Wallaceburg	December 5 5:30 p.m. to 7:30 p.m.	Toronto OMERS, One University Avenue, Suite 700
November 9 5:30 p.m. to 7:30 p.m.	Kincardine Municipality of Kincardine, Municipal Administration Centre, 1475 Concession 5		

**Register early.** The sessions are popular and fill up quickly.

## OMERS pays 100,000<sup>th</sup> pension

**I**n July, OMERS reached an important milestone: we are now paying more than 100,000 pensions to retired OMERS members and their survivors.

- Ten years ago, by year-end 1996, there were just over 67,000 pensions in payment.

- Each month, about 300 new OMERS pensions begin.
- OMERS has about 364,000 working and retired members.

## Moving? Tell your employer

**W**hen OMERS sends mail directly to you, we use the address provided by your employer. We count on your employer to have your current address – please advise your employer of any changes.

## OMERS

Plan for the Future

Your OMERS pension is based on your earnings and service. It will provide you with guaranteed retirement income for life, and it includes:

- inflation protection
  - excellent survivor benefits
  - disability benefits
  - early retirement options.
- It is also portable to many other public sector plans.

*Member Update* keeps more than 230,000 members of the OMERS pension plan up to date on plan news and benefits.

We value your views and comments. Send us an e-mail or write to us.

For more information on your OMERS pension, please contact Client Services. Our service hours are Monday to Friday, 8:00 a.m. to 5:00 p.m.



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